

Case Study

LGSS

» With Fujitsu's help, LGSS has proved that shared services in government are not just good theory, but a practical means of delivering services more cheaply. In fact, the two founding councils are on track to jointly save £18.8m by 2015/16 since the establishment of LGSS in October 2010, and have successfully expanded to deliver services to Norwich City Council and Huntingdonshire District Council «

Dr Paul Blantern, Chief Executive, Northamptonshire County Council



THE CUSTOMER

Country: United Kingdom
Industry: Public Sector
Founded: 2009
Website: www.lgss.co.uk



THE CHALLENGE

Cambridgeshire County Council needed to upgrade its aging ERP system and Northamptonshire County Council had no integrated ERP system. They both needed a solution quickly in order to deliver better and more efficient services to both customers and their own employees. Both were looking into the agenda of a Shared Service delivery and were keen to exploit this as a means to deliver these changes.

THE SOLUTION

Development and management of an ERP shared service initially based on Oracle 11.i.10 e-Business Suite and now has been upgraded to Oracle Release 12.

THE BENEFITS

- Improved customer experience – significant resources can be re-directed and aligned to customer needs
- Reduced costs – the founding councils, Cambridgeshire and Northamptonshire, have made annual budget savings of £9.47 million by the end of the second year of operation, and this is expected to increase to a total of £18.8 million by 2015/16
- Optimised productivity – the enhanced functionality and standardised processes has streamlined operations
- Enhanced decision-making – comprehensive information is available to manage performance and resource allocation

The Challenge

Over 2 Million people live in Cambridgeshire and Northamptonshire, and every day their respective Councils endeavour to make a measurable impact upon their quality of life through the effective delivery of a wide range of economic, social, and welfare services.

Back in 2007 Fujitsu had already implemented and was managing an Enterprise Resource Planning (ERP) application, based on the Oracle eBusiness Suite, for Cambridgeshire County Council. However, this system was nearly six years old and the Council recognised that if it was to continue being effective in supporting its evolving needs, then there would be a major cost involved in upgrading the application and the associated hardware. At the same time, Northamptonshire County Council was looking to create its own ERP capability.

Driven by the need to reduce costs and a desire to explore the potential benefits of shared services, they decided to share an Oracle ERP platform in 2008 and then later establish LGSS as a public sector shared services venture in 2010, wholly owned by Cambridgeshire and Northamptonshire County Councils. They sought the help of Fujitsu to bring the concept to fruition.

Dr Paul Blantern, managing director at LGSS, explains, "Cambridgeshire County Council had a strong track record of high-performing and low-cost IT and wanted to make further improvements to deliver industry best practice, especially in transactional processing. However, the cost of these changes would have been a major challenge for a single council. As such, it was already looking at the broader Government agenda for shared service delivery and was keen to explore this as a means of delivering the changes. On the other hand, Northamptonshire County Council had no form of an ERP, and it needed a solution quickly."

"Fujitsu was clearly in a good place to help both councils as it already held a relationship with Cambridgeshire. The company also has a track record of delivering complex government projects on time and within budget – so it was an obvious choice when the founding councils looked for external help."

The Solution

Cambridgeshire and Northamptonshire County Councils entered into a ground-breaking tripartite partnership with Fujitsu to create a unique ERP shared service based on the Oracle 11.i.10 e-Business Suite. The solution enabled the two Councils to share the delivery of back office processes and transactional services across a range of key functions.

Today, the ERP service has now been upgraded to Oracle Release 12 and helps to deliver most of the support services across the two founding Councils, including a finance team that supports more than 850 budget managers handling a total value of over £2 Billion, human resource experts providing services to over 30,000 staff and dealing with the public sector trade unions. It also supports a property asset management team that oversees a portfolio of more than 1,000 properties and £1.8bn of assets and a procurement team dealing with £750m contract negotiations and more generalised services such as payroll, pensions, legal and IT support.

The underlying infrastructure is owned, hosted and managed by Fujitsu, which also provides shared technological support and application development.

Dr Blanter says, "We originally wanted to keep the Oracle application as pure to its core design as possible, so that we could offer 'out of the box' best practice to any public sector body, but we also wanted a 'right-sourced' solution for the ongoing systems management to ensure maximum scalability. This has proved to be the right move, especially as we start to offer services to additional councils – it keeps things simple, cost effective and yet very efficient.

"Fujitsu has not been a typical technology supplier," confirms Dr Blanter. "It strongly supports the shared services concept at LGSS. But what has really made the relationship work over the years is the attitude of all those involved. While we have a very clear vision of what we are trying to achieve, Fujitsu is the company that enables us to bring this to fruition."

The Benefit

The ERP shared service, based on Oracle e-Business Suite, implemented by Fujitsu is enabling LGSS to:

- Improved customer experience – significant resources can be re-directed and aligned to customer needs
- Reduced costs – the founding councils, Cambridgeshire and Northamptonshire, have made annual budget savings of £9.47 million by the end of the second year of operation, and this is expected to increase to a total of £18.8 million by 2015/16
- Optimised productivity – the enhanced functionality and standardised processes has streamlined operations
- Enhanced decision-making – comprehensive information is available to manage performance and resource allocation
- New revenue opportunities – LGSS has grown to become an £83m business providing best practice services to many organisations across the public sector
- Enhanced operational agility – the Linux based system, which now runs the Oracle platform, is fully up-to-date and can be scaled to the needs of the founding councils to include new members and services system, and it needed a solution quickly.

Expanding the service

Building upon the initial success, the Councils set out to market the shared service to other local authorities.

Norwich City Council and Huntingdonshire District Council joined LGSS in April and May 2012, to take advantage of IT, Finance and Revenues & Benefits services and HR & Payroll services respectively, supplied by Public Sector for Public Sector.

The shared Oracle ERP platform has the capacity to provide best practice business processes to up to eight local authorities, and in the process further enhance overall performance, reduce costs, create even greater economies of scale and generate new revenue.

"LGSS holds enormous potential business benefits for many organisations in the public sector, because it is so far ahead of the curve," explains John Kane, head of shared services at Fujitsu UK&I. "During the last two years, it has proved to be a beacon for other organisations that want to exploit shared services and free up money for frontline services."

Dr Paul Blanter comments, "Our aim remains to provide shared services 'by public sector for public sector', and with Fujitsu's help we have proved that a shared services approach is not a myth. It can exist and does enable business change, so that more resources can be moved to the frontline of citizen-centric organisations. And the more organisations that join in the more it's a win:win:win.

"As neither of the founding councils had previously worked within a shared services model it was hard to judge just the level of savings we could make. Initially, we expected to save £2 million in the first two years. A target we've far exceeded. The shared service has enabled a significant step change in our ability to manage our operations and deliver a positive customer experience. With the net public sector debt currently (ONS Sept 2012) standing at over £1 trillion, at the end of the day there is no excuse for the public sector not to share services."

About Fujitsu

Fujitsu is the leading Japanese information and communication technology (ICT) company offering a full range of technology products, solutions and services. Over 170,000 Fujitsu people support customers in more than 100 countries. We use our experience and the power of ICT to shape the future of society with our customers. Fujitsu Limited (TSE:6702) reported consolidated revenues of 4.5 trillion yen (US\$54 billion) for the fiscal year ended March 31, 2012. For more information: www.fujitsu.com

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